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**LAFAYETTE ASSOCIATION FOR  
RETARDED CITIZENS, INC.  
Lafayette, Louisiana**

**AUDIT REPORT  
June 30, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/15/03

**AULD & ASSOCIATES  
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# AULD & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2002, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

On May 1, 1979, buildings in existence were restated to appraisal values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of the gift, net of depreciation, to conform with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraisal values, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of Lafayette Association for Retarded Citizens, Inc., as of June 30, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2002, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Lafayette Association for Retarded Citizens, Inc., taken as a whole. The accompanying additional information contained in the schedule of activities by component is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

AULD & ASSOCIATES

A handwritten signature in cursive script, appearing to read "Auld & Assoc.", is written over the printed name.

Certified Public Accountants

Lafayette, Louisiana  
November 22, 2002

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FINANCIAL POSITION  
June 30, 2002

ASSETS

CURRENT ASSETS

Cash	\$1,497,552	
Accounts Receivable (net of allowance for doubtful accounts of \$15,000)	368,907	
Contributions Receivable	11,250	
Due from Foundation for Retarded Citizens, Inc.	6,910	
Prepaid Insurance	14,930	
Inventory	11,359	
Deposits	<u>14,454</u>	
Total Current Assets		\$1,925,362

OTHER ASSETS

Investments		200,394
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COLLECTIONS (See Note 4)

PLANT ASSETS

Buildings	\$3,770,437	
Furniture and Fixtures	117,770	
Machinery and Equipment	449,962	
Transportation Equipment	413,404	
Land	<u>112,099</u>	
Totals	\$4,863,672	
Less: Accumulated Depreciation	<u>2,728,798</u>	
Total Plant Assets		<u>2,134,874</u>

TOTAL ASSETS

\$4,260,630

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 67,271	
Accrued Payroll and Payroll Taxes	85,918	
Deferred Revenue	<u>250</u>	
Total Current Liabilities		\$ 153,439

NET ASSETS

Unrestricted		
Operating	\$1,972,317	
Plant Assets	<u>2,134,874</u>	
Total Net Assets		<u>4,107,191</u>

TOTAL LIABILITIES AND NET ASSETS

\$4,260,630

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2002

		<u>Unrestricted Net Assets</u>
PUBLIC SUPPORT AND REVENUE		
Public Support		
Program Revenues	\$3,831,116	
Contributions	122,233	
Special Events	<u>274,785</u>	
Total Public Support		\$4,228,134
Revenue		
Other Revenue	\$ 9,607	
Interest Income	29,751	
Membership Dues	2,004	
Increase in Fair Value of Investments	394	
Loss on Retired Assets	<u>(1,282)</u>	
Total Revenue		<u>40,474</u>
TOTAL PUBLIC SUPPORT AND REVENUE		<u>\$4,268,608</u>
FUNCTIONAL EXPENSES		
Program Services		
Client Development	\$1,229,754	
Housing	1,411,316	
Respite	320,157	
Early Intervention	223,245	
Acadian Village	<u>303,816</u>	
Total Program Services		\$3,488,288
Supporting Services		
Management and General	\$ 419,055	
Fund-raising	<u>131,467</u>	
Total Supporting Services		<u>550,522</u>
TOTAL FUNCTIONAL EXPENSES		<u>\$4,038,810</u>
INCREASE IN NET ASSETS		\$ 229,798
NET ASSETS, BEGINNING OF YEAR		<u>3,877,393</u>
NET ASSETS, END OF YEAR		<u>\$4,107,191</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2002

	P R O G R A M   S E R V I C E S						S U P P O R T I N G   S E R V I C E S		T O T A L S
	Client Development	Housing	Respite	Early Intervention	Acadian Village	Total Program Services	Management & General	Fund-raising	
Salaries	\$ 640,209	\$ 763,447	\$ 245,712	\$ 54,067	\$ 123,843	\$ 1,827,278	\$ 216,192	\$ 22,835	\$ 2,066,305
Client Salaries	174,587					174,587			174,587
Payroll Taxes	61,091	57,698	18,736	4,061	9,659	151,245	15,980	1,722	168,947
Employee Benefits	57,359	54,759	7,298	5,868	3,186	128,470	12,611		141,081
Pension Plan Contribution	9,258	8,342	2,170	1,588	1,683	23,041	6,492	692	30,225
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>\$ 942,504</b>	<b>\$ 884,246</b>	<b>\$ 273,916</b>	<b>\$ 65,584</b>	<b>\$ 138,371</b>	<b>\$ 2,304,621</b>	<b>\$ 251,275</b>	<b>\$ 25,249</b>	<b>\$ 2,581,145</b>
Cost of Goods Sold					45,712	45,712			45,712
Work Activity Expense	41,596					41,596			41,596
Insurance	54,499	42,197	10,340	2,657	24,300	133,993	14,631	1,547	150,171
Professional Services	1,409	92,439	122	123,854	3,748	221,572	27,204	8,702	257,478
Utilities & Garbage	25,990	31,974	6,861	2,171	17,461	84,457	4,655		89,112
Food	8,447	65,752	4,110			78,309			78,309
Supplies	13,915	51,417	5,110	4,942	9,413	84,797	6,880		91,677
Repairs & Maintenance	9,829	11,489	1,322	611	13,953	37,204	17,257		54,461
Vehicle Repairs & Maintenance	22,220	3,302	479			26,001	1,512		27,513
Fuel	21,821	5,785	714		97	28,417	990		29,407
Telephone	5,103	9,918	2,233	4,044	6,516	27,814	7,395		35,209
Travel	2,315	9,621	874	9,605	4,489	26,904	9,338		36,242
Conferences	540	959	198	1,835	56	3,588	3,714		7,302

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2002

	P R O G R A M   S E R V I C E S					S U P P O R T I N G   S E R V I C E S		TOTALS
	Client Development	Housing	Respite	Early Intervention	Acadian Village	Total Program Services	Management & General	Fund-raising
Taxes & Licenses	37	141,034	1,000	188		142,259		142,259
Postage	231	303	152	441	417	1,544	1,192	2,736
Promotion & Advertising					8,713	8,713		8,713
Dues & Subscriptions	276	545			383	1,204	17,404	18,608
Performers, Artisans, & Concessions					6,313	6,313		6,313
Interest Expense						0	33	33
Equipment Lease	2,193	4,675	1,225	3,104		11,197	8,019	19,216
Christmas Program						0		82,712
Miscellaneous Expense	136	385	142	10	2,425	3,098	13,343	16,441
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	\$ 1,153,061	\$ 1,356,041	\$ 308,798	\$ 219,046	\$ 282,367	\$ 3,319,313	\$ 384,842	\$ 118,210
Depreciation	76,693	55,275	11,359	4,199	21,449	168,975	34,213	13,257
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 1,229,754	\$ 1,411,316	\$ 320,157	\$ 223,245	\$ 303,816	\$ 3,488,288	\$ 419,055	\$ 131,467
								\$ 4,038,810

See accountants' report and accompanying report to financial statements.



LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 229,798
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	216,445
Non-Cash Contributions	(47,287)
Increase in Fair Value of Investments	(394)
Loss on Retired Assets	1,282
(Increase) Decrease in Operating Assets	
Accounts Receivable	(23,867)
Contributions Receivable	(2,500)
Due from Foundation for Retarded Citizens, Inc.	(6,910)
Prepaid Insurance	(14,930)
Inventory	5,781
Deposits	6,060
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(3,510)
Accrued Payroll and Payroll Taxes	1,827
Deferred Revenue	<u>(1,500)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 360,295

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Certificates of Deposit	\$ 500,000
Proceeds from Sale of Assets	800
Payments for Property and Equipment	(180,054)
Purchase of Investments	<u>(200,000)</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES \$ 120,746

NET INCREASE IN CASH \$ 481,041

CASH AT BEGINNING OF YEAR 1,016,511

CASH AT ENDING OF YEAR \$1,497,552

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SUPPLEMENTAL DISCLOSURES

Interest Paid	<u>\$ 33</u>
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u>\$ 47,287</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of southern Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission and gift shop sales. The Village employs the clients of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

PLANT ASSETS

On May 1, 1979, buildings in existence were restated to appraisal values. These assets represent \$305,350 of total plant assets (net of \$1,173,631 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to thirty years. Depreciation expense for assets valued at appraisal value is \$12,686 and for assets valued at historical cost is \$203,759. The Association has \$284,930 of buildings with historical value exempt from depreciation in accordance with SFAS No. 93.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, and repurchase agreements are considered cash.

ACCOUNTS RECEIVABLE

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

## FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefitted.

## CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

## INVENTORY

Inventory of Acadian Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

## ADVERTISING COSTS

Advertising costs of \$8,713 were expensed as incurred.

## NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadiana. This contribution is expected to be collected by December, 2002. Therefore, no allowance for uncollectible pledges has been recorded.

## NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains significant amounts of cash in several accounts with Bank One and Iberiabank. At times, the balances in these accounts exceed federally insured limits. Also, the Association has entered into repurchase agreements with Bank One and Iberiabank that are not federally insured. However, the financial institutions have provided U. S. government agency securities as collateral to cover the amounts in these accounts. The Association has not experienced any losses in these accounts. The Association believes it is not exposed to any significant credit risk on cash.

Credit risk with respect to receivables is limited because the Association deals primarily with governmental agencies.

## NOTE 4 - COLLECTIONS

The Association is the recipient of 17 original oil paintings by the internationally known artist George Rodrigue. No ownership restrictions are imposed on the Association. The Association presents the collection of paintings for public viewing in a separate and secure art gallery. Also included in the collection is a diorama depicting the ceremony claiming Louisiana for France, constructed by the artist Robert Dafford. The Association elects not to capitalize its collections.

#### NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to decrease depreciation expense and thereby increase net assets by \$6,962 for the current year.

#### NOTE 6 - LABOR UNION

Approximately sixty-six (66%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). The collective bargaining agreement expired October 31, 2002, and a new agreement is being negotiated. In the Association's opinion, the collective bargaining agreement will have no material adverse effect on operations.

#### NOTE 7 - LITIGATION

The Association is involved in one lawsuit. Legal counsel advises the likelihood of an unfavorable outcome is relatively low. This matter is covered by insurance and is unlikely to have a material effect on the financial position of the Association.

#### NOTE 8 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary controller of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

#### NOTE 9 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

#### NOTE 10 - EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 15% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$28,775 was made for the year ended June 30, 2002.

#### NOTE 11 - LEASES

The Association leases five copiers and a mailing system under operating leases expiring between December, 2002, and December, 2005. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2002, is \$19,216.

Minimum future rental payments under non-cancelable operating leases for each of the next five years and in the aggregate are:

Year Ending June 30, 2003	17,128
Year Ending June 30, 2004	10,811
Year Ending June 30, 2005	5,331
Year Ending June 30, 2006	1,386
Year Ending June 30, 2007	<u>-0-</u>
Total minimum future rental payments	<u>\$34,656</u>

#### NOTE 12 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2002, the Association purchased two used vehicles from a corporation primarily owned by a member of the LARC Board of Directors. The new vehicles cost a total of \$37,958. The Association engaged the same corporation to perform general maintenance and minor repairs on several of its vehicles. Amounts paid for these services for the year ended June 30, 2002, totaled \$6,408.

The Association received contributions totaling \$31,925 from the Foundation for Retarded Citizens, Inc. The Foundation was established to receive, invest, and distribute funds in furtherance of the purposes of LARC. The membership of the Foundation for Retarded Citizens is comprised of LARC's Board of Directors. The Foundation's Board of Directors includes LARC's Board President and Treasurer and three members of the community appointed by LARC's Board of Directors.

#### NOTE 13 - INVESTMENTS

Investments consisted of two mutual funds, and are carried at fair market value determined using quoted market prices. Investment income consisted of unrealized gains of \$394, and is included in the Statement of Activities. Cost and market values as of June 30, 2002, are as follows:

	<u>Cost</u>	<u>Market Value</u>
One Group Ultra Short Term Bond Fund C	\$100,000	\$100,000
Oppenheimer Limited Government C	<u>100,000</u>	<u>100,394</u>
Total	<u>\$200,000</u>	<u>\$200,394</u>

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
SCHEDULE OF ACTIVITIES BY COMPONENT  
For the Year Ended June 30, 2002

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Acadian Village	Total Program Services	Management & General	Fund-raising
<b>SUPPORT &amp; REVENUE</b>								
Program Revenue	\$ 1,120,707	\$ 1,875,868	\$ 323,520	\$ 226,840	\$ 284,181	\$ 3,831,116		\$ 3,831,116
Christmas Program								\$ 274,785
Other	72,930	8,836	21,141	1,833	10,681	115,421	\$ 47,286	162,707
<b>TOTAL SUPPORT &amp; REVENUE</b>	<b>\$ 1,193,637</b>	<b>\$ 1,884,704</b>	<b>\$ 344,661</b>	<b>\$ 228,673</b>	<b>\$ 294,862</b>	<b>\$ 3,946,537</b>	<b>\$ 47,286</b>	<b>\$ 274,785</b>
<b>EXPENSES</b>								
Salaries	\$ 640,209	\$ 763,447	\$ 245,712	\$ 54,067	\$ 123,843	\$ 1,827,278	\$ 216,192	\$ 22,835
Client Salaries	174,587					174,587		174,587
Payroll Taxes	61,091	57,698	18,736	4,061	9,659	151,245	15,980	1,722
Employee Benefits	57,359	54,759	7,298	5,868	3,186	128,470	12,611	141,081
Pension Plan Contribution	9,258	8,342	2,170	1,588	1,683	23,041	6,492	692
Cost of Goods Sold					45,712	45,712		45,712
Work Activity Expense	41,596					41,596		41,596
Insurance	54,499	42,197	10,340	2,657	24,300	133,993	14,631	1,547
Professional Services	1,409	92,439	122	123,854	3,748	221,572	27,204	8,702
Utilities & Garbage	25,990	31,974	6,861	2,171	17,461	84,457	4,655	89,112
Food	8,447	65,752	4,110			78,309		78,309
Supplies	13,915	51,417	5,110	4,942	9,413	84,797	6,880	91,677
Repairs & Maintenance	9,829	11,489	1,322	611	13,953	37,204	17,257	54,461
Vehicle Repairs & Maintenance	22,220	3,302	479			26,001	1,512	27,513

See accountants' report and accompanying notes to financial statements.



LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 2002

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Acadian Village	Total Program Services	Management & General	Fund-raising
Fuel	21,821	5,785	714		97	28,417	990	29,407
Telephone	5,103	9,918	2,233	4,044	6,516	27,814	7,395	35,209
Travel	2,315	9,621	874	9,605	4,489	26,904	9,338	36,242
Conferences	540	959	198	1,835	56	3,588	3,714	7,302
Taxes & Licenses	37	141,034	1,000	188		142,259		142,259
Postage	231	303	152	441	417	1,544	1,192	2,736
Promotion & Advertising					8,713	8,713		8,713
Dues & Subscriptions	276	545			383	1,204	17,404	18,608
Performers, Artisans, & Concessions					6,313	6,313		6,313
Interest Expense						0	33	33
Equipment Lease	2,193	4,675	1,225	3,104		11,197	8,019	19,216
Christmas Program						0		82,712
Miscellaneous Expense	136	385	142	10	2,425	3,098	13,343	16,441
Depreciation	76,693	55,275	11,359	4,199	21,449	168,975	34,213	216,445
<b>TOTAL EXPENSES</b>	<b>\$ 1,229,754</b>	<b>\$ 1,411,316</b>	<b>\$ 320,157</b>	<b>\$ 223,245</b>	<b>\$ 303,816</b>	<b>\$ 3,488,288</b>	<b>\$ 419,055</b>	<b>\$ 131,467</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (36,117)</b>	<b>\$ 473,388</b>	<b>\$ 24,504</b>	<b>\$ 5,428</b>	<b>\$ (8,954)</b>	<b>\$ 458,249</b>	<b>\$ (371,769)</b>	<b>\$ 143,318</b>
								<b>\$ 229,798</b>

See accountants' report and accompanying notes to financial statements.

# AULD & ASSOCIATES

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Lafayette, Louisiana 70506

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

We have audited the financial statements of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2002, and have issued our report thereon, dated November 22, 2002. In our report, our opinion was qualified because certain assets are recorded at appraisal value. Further explanation is in the third paragraph of our report on the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be



material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and Management of Lafayette Association for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties.

AULD & ASSOCIATES

A handwritten signature in black ink, appearing to read "Auld & Associates", written in a cursive style.

Certified Public Accountants

Lafayette, Louisiana  
November 22, 2002



Lafayette Association for  
Retarded Citizens, Inc.

# ALLEMAN CENTER

*Serving the Developmentally Disabled in Acadiana since 1952*

303 NEW HOPE ROAD  
LAFAYETTE, LA 70506  
(337) 984-6110 • FAX (337) 984-1102



PEOPLE HELPING PEOPLE  
United Way

## LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2002

### 1979-1. Buildings are recorded at appraisal values.

**Condition:** Certain buildings were restated to appraisal values on May 1, 1979. Generally accepted principles require assets to be stated at acquisition cost, or if donated, recorded at their fair value at the date of gift. This situation requires a qualification in the audit report.

**Recommendation:** Our auditors informed us this qualification should continue until the appraised assets are disposed.

**Current Status:** At this time, we have no plans to take corrective action. It is unreasonable for us to sell the appraised buildings, as they are an essential part of the Association's operations.

### 2001-1. Medicaid Billings

**Condition:** Numerous errors were found resulting in delays in collecting a significant amount of revenue. These errors could cause material misstatements in Accounts Receivable and Program Revenue.

**Recommendation:** It was recommended that the personnel originating these billings be provided with the proper training and supervision. It was also recommended that an aging of accounts receivable be prepared to monitor outstanding billings.

**Current Status:** LARC has experienced a sizable increase of waiver clients the past two years. The very nature of the waiver billing process to the State of Louisiana is very cumbersome. Our accounts receivable has increased both in dollar volume and administrative work. In order to have a better, manageable accounts receivable system, LARC has hired an additional clerk assigned to the Accounts Receivable section. This clerk is supervised by the Finance Manager. In addition, we have implemented a

computerized accounts receivable monitoring system to track outstanding bills and provide an ageing of accounts receivable.

  
Gerald Domingue  
Executive Director

JII



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January 2, 2003

Mr. Daniel G. Kyle, CPA, CFE  
Secretary  
Legislative Audit Advisory Council  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Re: Management's Corrective Action Plan

Dear Mr. Kyle:

The Lafayette Association for Retarded Citizens respectfully submits the following corrective action plan for the year ending June 30, 2002.

## Audit Report

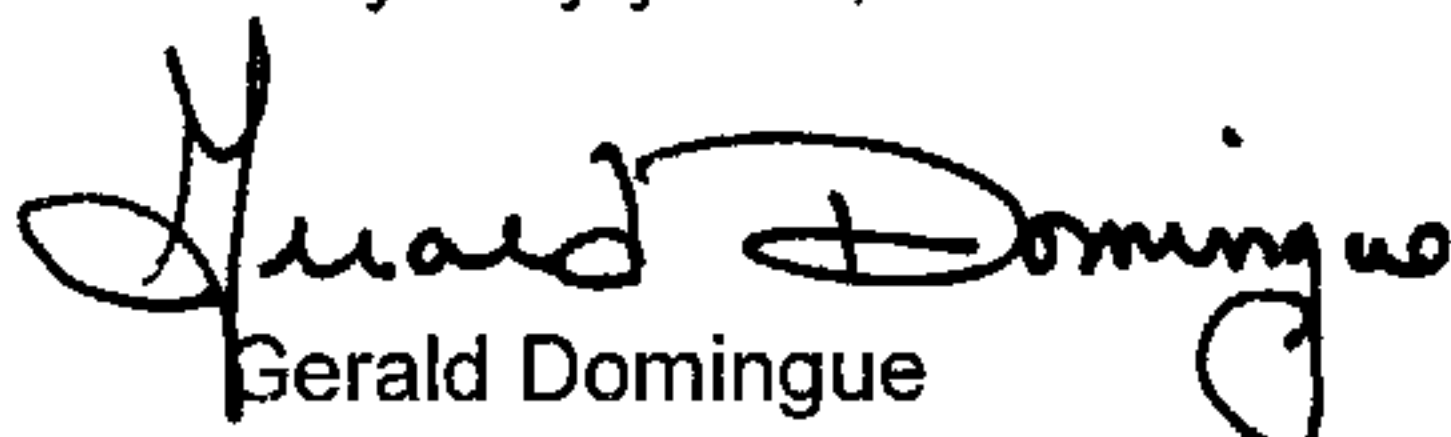
1979-1. Buildings are recorded at appraisal values.

Recommendation: Our auditors informed us this qualification should continue until the appraised assets are disposed.

Action Taken: At this time, we have no plans to take corrective action. It is unreasonable for us to sell the appraised buildings, as they are an essential part of the Association's operations.

Should you have any additional questions regarding this plan, please do not hesitate to contact me at the above number.

Very truly yours,

  
Gerald Domingue  
Executive Director

Jll